

SPECIFICATION AMENDMENTS

Please remove the ABSTRACT and replace it with this new paragraph:

Described herein is technology for inserting and detecting watermarks in signals, such as a music clip. In one described implementation, a watermarking system employs chess spread-spectrum sequences (i.e., "chess watermarks") to improve the balance of positive and negative chips in the watermarking sequences. In another described implementation, a watermarking system employs an energy-level trigger to determine whether to skip encoding of a portion of a watermark within a given time span of a clip. If a large discrepancy in energy levels exists over a given time frame, then the frame is not watermarked, to avoid audible time-dispersion of artifacts due to spectral modifications. In another described implementation, a watermarking system begins encoding of a watermark at a variable position after the beginning of a clip.

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1 Please remove lines 1-12 on page 15 and replace them with this new text:

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3 In addition, the following co-pending patent application is
4 incorporated by reference herein: U.S. Patent Application Serial No.
5 09/316,899, entitled "Audio Watermarking with Dual Watermarks"
6 filed on May 22, 1999, and assigned to the Microsoft Corporation.

7 The following commonly owned (by the Microsoft
8 Corporation) U.S. Patents are incorporated by reference herein:

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- 10 • U.S. Patent No. 6,029,126, entitled "Scalable Audio Coder
and Decoder" issued on February 22, 2000;
 - 11 • U.S. Patent No. 6,487,574, entitled "A System and
12 Method for Producing Modulated Complex Lapped
13 Transforms" issued on November 26, 2002.
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